Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Province of Nova Scotia

Personal Taxation System

Introduction of Tax on Taxable Income

March 31, 2000

Table of Contents

	Page
Executive Summary	1-3
Overview	4
Definitions	5
Objective and Report	6
Methodology	7
Findings	8-11
Conclusions	12
Exhibits	
1. Nova Scotia Department of Finance Parameters for the Calculation of Tax on Taxable Income	13-14
2. Ordinary Income	15
3. Dividend Income from Taxable Canadian Corporations	16
4. Alternative Minimum Tax	17
5. Multi-Jurisdictional Filers	18
6. Over Seas Employment Tax Credit	19
7. Foreign Tax Credit	20
8. Comparison of Ordinary Income to 1999	21

Executive Summary

We have recalculated Nova Scotia personal income taxes under the current *tax on basic federal tax system*, and under the proposed *tax on taxable income system*. Based on our procedures and the assumptions provided by the Province of Nova Scotia, we have arrived at the following conclusions:

1. The calculations of provincial personal income tax at various levels of income, and personal tax credits, and varying sources of income under the *tax on basic federal tax system* and the *proposed tax on taxable income system*, as presented by the Province results in a lower amount of provincial personal income tax, in the vast majority of situations.

   Situations where taxes may increase would be when the amount of *"non-refundable credit block"* is in excess of the low income tax bracket. In this case there may in certain cases be a small increase in the amount of provincial taxes being paid.

   The system will be *"revenue neutral"* when alternative minimum tax (AMT) is applicable.

2. The significant assumptions relied upon in the calculations were as follows:

   a) The calculations for the *tax on basic federal tax system* used the 1999 taxation year as its base.

   b) The calculations for the *tax on taxable income system* assume that the proposals contained in the February 28th, 2000 federal budget regarding non-refundable personal income tax credit amounts for 2000 and the calculation of taxable income are adopted in the proposed *tax on taxable income system.*

   c) The calculations for the *tax on taxable income system* assumes that the tax brackets used in the 1999 tax year for the purpose of calculating 1999 basic federal income tax are adopted in the proposed *tax on taxable income system.*

Executive Summary (continued)

Analysis was performed on the following types of income using various income levels:

a) Ordinary income (e.g. employment, professional, business, commission, interest)

b) Dividend income

c) Capital gains

d) Income subject to Alternative Minimum Tax (AMT)

e) Income earned in multi-jurisdictions

f) Income earned in a trust, both inter vivos and testamentary

g) Overseas employment tax credit (OETC)

h) Lump sum receipts from CPP or Pensions

i) Foreign tax credit

Various scenarios were also analyzed using multiple types of income.

We also reviewed the federal "*non-refundable credit block*" to determine the appropriate rate to convert the credits before applying them against provincial personal income taxes to determine the revenue neutral equivalent.

The scope of the engagement was limited to the income sources listed above. While, we have attempted to ensure all income sources were identified, there may be certain exceptions other than the one indicated in point one, where Nova Scotia personal income tax calculated under the *tax on taxable income system* will result in a higher amount than the *tax on basic federal income tax system*. We believe that the items listed above would encompass the vast majority of individual taxpayers in Nova Scotia.

Executive Summary (continued)

Our computations show revenue neutrality will not be achieved unless the tax rates and brackets were as follows:

Taxable Income	Provincial marginal tax rate
<29,590	9.775%
29,590 to 59,180	14.950%
>59,180	16.675%

In addition, the provincial dividend tax credit would have to be **7.6667%** of the taxable Canadian dividends or **9.5834%** of the actual Canadian dividend, to achieve "*revenue neutrality*".

The province has set the tax rates and brackets as follows:

Taxable Income	Provincial marginal tax rate
<29,590	9.77%
29,590 to 59,180	14.95%
>59,180	16.67%

The province has also set the dividend tax credit at **7.7%** of the taxable Canadian dividend or **9.625%** of the actual Canadian dividends. These rates result in lower provincial personal income tax as illustrated in **Exhibits 2-7**.

Overview

Presently, Nova Scotia's personal income tax is calculated as a percentage of basic federal tax. It is proposed that this system be changed to calculate Nova Scotia personal income tax as a percentage of taxable income, using a graduated rate structure.

Our conclusions are based upon the following facts and assumptions:

1. The Province of Nova Scotia will continue to use the federal government's calculation of taxable income, including changes proposed in the February 28th, 2000 federal budget.

2. The Province of Nova Scotia will continue to use the federal government's system of non-refundable tax credits. The same non-refundable tax credits available for individuals under the federal system will be available under the proposed system, in the same amounts set by the February 28th, 2000 Federal Budget, but the credit percentage will be adjusted to reflect the proposed adoption of the graduated rate system and *the tax on taxable income system.*

3. The legislation for the calculation of Nova Scotia personal income tax will be amended to reflect what has been outlined in the attached exhibits.

4. The Province of Nova Scotia will adopt the following tax brackets and tax rates:

Taxable Income	Provincial marginal tax rate
<29,590	9.77%
29,590 to 59,180	14.95%
>59,180	16.67%

5. The dividend tax rate is 7.7% of taxable Canadian dividends or 9.625% of actual Canadian dividends.

6. Under the tax on taxable income system in case where Alternative minimum tax will (AMT) is assessed federally, the provincial tax will still be calculated as a percentage of the basic federal AMT tax. This percentage will be consistent with the year 1999, 57.5%.

Definitions

The following definitions are applicable with respect to the report.

Tax on Basic Federal Tax System: Refers to the current system of calculating Nova Scotia personal income tax as a percentage of basic personal federal tax.

Tax on Taxable Income System: The Nova Scotia personal income tax is proposed to be calculated as a percentage of taxable income, with tax brackets mirroring the 1999 federal brackets.

Revenue Neutrality: The amount of Nova Scotia personal income tax calculated under the "*Tax on Taxable Income system*" will result in the same amount of tax as the "*Tax on Basic Federal Tax system*", using the federal tax brackets and federal tax rates from the 1999 taxation year.

Base Year: For purposes of determining *"Revenue Neutrality"* 1999 has been used as a base year. The 1999 calculation of provincial personal income taxes has been adjusted for changes to the calculation of taxable income and non-refundable personal tax credits, as proposed in the February 28th, 2000 federal budget.

Non-refundable Credit Block: All non-refundable credits at amounts determined by the federal government for the 2000, including items such as the basic personal amount, qualified medical expenses and donations.

Province or Provincial: Means the province of Nova Scotia.

Objective and Report

The objective of our report is to determine whether the tax on *"basic federal tax system"* or the *"tax on taxable income system"* produce the same amount of taxes payable under different scenarios by comparing the calculation of provincial personal income taxes using the current system of taxation to a proposed system of taxation based on a tax on taxable income, given certain assumptions provided by the Province of Nova Scotia.

We will provide schedules calculating provincial income taxes payable at different levels and sources under the *tax on basic federal tax system* and under the *tax on taxable income system* to illustrate, whether or not there are any differences.

We will report on tax rates and assumptions provided by the Province and whether these tax rates and assumptions result in the same, higher or lower income tax for a "*base year*" when compared to the proposed taxation system

We will report on our recomputation of Nova Scotia personal income taxes using various levels of income and income sources, as provided by the Province under a system of taxation that utilizes a tax rate on taxable income compared to the current system of taxation that uses a tax rate based on basic federal tax.

The scope of the engagement was limited to the income sources listed above. While, we have attempted to ensure all income sources were identified, there may be certain exceptions other than the one indicated in point one of the Executive Summary, where Nova Scotia personal income tax calculated under the *tax on taxable income system* will result in a higher amount than the *tax on basic federal income tax system*. We believe that the items listed above would encompass the vast majority of individual taxpayers in Nova Scotia.

Methodology

To support our conclusions we performed calculations using parameters **(Exhibit 1)** provided to us by the Province of Nova Scotia Department of Finance at various income levels and sources of income to determine if Nova Scotia personal income taxes payable were the same under the *tax on basic federal tax system* and the *tax on taxable income system*. The calculations were performed first using the Nova Scotia Department of Finance's indicated provincial equivalents.

Analysis was performed on the following types of income using various income levels:

a) Ordinary income (e.g. employment, professional, business, commission, interest)

b) Dividend income

c) Capital gains

d) Income subject to Alternative Minimum Tax (AMT)

e) Income earned in multi-jurisdictions

f) Income earned in a trust, both inter vivos and testamentary

g) Overseas employment tax credit (OETC)

h) Lump sum receipts from CPP or Pensions

i) Foreign tax credit

Various scenarios were also analyzed using multiple types of income.

We also reviewed the federal *"non-refundable credit block"* to determine the appropriate rate to convert the credits before applying them against provincial personal income taxes to determine the revenue neutral equivalent.

Findings

Provincial marginal tax rates

The *tax on taxable income system* requires Nova Scotia to adopt its own set of marginal tax rates and brackets.

The Nova Scotia marginal rates and brackets to achieve revenue neutrality would be as follows:

Taxable Income	Provincial Marginal Tax Rate
<29,590	9.775%
29,590 to 59,180	14.950%
>59,180	16.675%

The above noted brackets and rates would result in the same amount of Nova Scotia personal income tax collected as under the *tax on basic federal tax system* as under the *tax on taxable income system*, when compared to a "*base year*".

However, the province of Nova Scotia has adopted the following tax brackets and rates:

Taxable Income	Provincial Marginal Tax Rate
<29,590	9.77%
29,590 to 59,180	14.95%
>59,180	16.67%

The adoption of the lower rates would result in a lower amount of Nova Scotia personal income tax collected, on "ordinary income", under the *tax on taxable income system* then under the *tax on basic federal tax system*, when compared to a *"base year"*. The calculations are illustrated in **Exhibit 2.**

Dividend Income

Dividends received from taxable Canadian corporations are subject to a 25% gross-up from the actual dividend received to calculate taxable dividends included in income. In addition, an individual taxpayer receives a federal dividend tax credit equal to 13.33% of the grossed-up dividend. Under the *tax on basic federal tax system* this dividend tax credit reduces basic federal tax. Therefore, provincial tax is also reduced under the tax on tax system. As a result, under a *tax on taxable income system* a provincial dividend tax credit is required. The rates provided by the Province of Nova Scotia's Department of Finance of **9.625%** of actual Canadian dividends or **7.7%** of taxable Canadian dividends result in less provincial personal income taxes payable under *the tax on taxable income system* than *the tax on basic federal tax system,* when compared using 1999 as a *"base year"* illustrated in **Exhibit 3**. The rates required to achieve revenue neutrality must be **7.6667%** of the taxable dividend or **9.5834%** of the actual dividend.

Findings (continued)

Capital gains

Under the February 28th, 2000 federal budget two thirds of capital gains (taxable capital gains) are included in income and taxed at the federal tax rates. Under the *tax on taxable income system* taxable capital gains will be subject to the provincial marginal tax rates described above. This will result in lower provincial tax under the *tax on taxable income system*.

Alternative Minimum Tax (AMT)

AMT restricts the tax benefits from various tax preference items, such as capital gains by imposing a minimum tax that is greater than the tax owing under the regular rules. However, the taxpayer receives a credit in future years for AMT paid when regular taxes payable exceed the AMT for that year.

Under the *tax on basic federal tax* system AMT becomes the basic federal tax which the provincial tax is based upon. Under the *tax on taxable income system* in cases where AMT is assessed federally, the provincial tax will still be calculated as a percentage of the basic federal AMT tax. This percentage will be consistent with the year 1999, 57.5%. Provincial AMT will be carried forward as a tax credit to subsequent years to be applied against regular provincial taxes. Provincial alternative minimum tax is illustrated in **Exhibit 4.** If AMT is applicable it will result in the same provincial tax under both systems, as 57.5% is used instead of the graduated rates indicated above.

Income earned in Multi-Jurisdictions

Self-employment income earned in multi-jurisdictions is taxed in those jurisdictions based on an allocation of revenue and salaries and wages. Under the present *tax on basic federal tax system* federal tax is calculated and the basic federal tax is allocated to the appropriate province based on the formula mentioned above. The provincial tax is then taken as a percentage of the basic federal tax allocated to the province. Under the new *tax on taxable income system* the provincial tax rates would be applied to all taxable income of the taxpayer with a reduction for applicable provincial non-refundable credits. A provincial share would then be applied against the total provincial tax calculated to reflect the portion of taxable income taxable in the Province. Provincial taxation of income earned in multi-jurisdictions is illustrated in **Exhibit 5**. This will result in lower provincial taxes payable under the *tax on taxable income system*.

Findings (continued)

Income earned in a trust

Income earned in a testamentary trust is now taxed at the federal marginal rates and provincial tax is calculated as a percentage of the federal tax. Under the provincial *tax on taxable income system* income earned in a trust will be taxed at the provincial marginal rates established above. This will result in lower provincial income tax under the *tax on taxable income system.*

Income earned in an inter vivos trust is now taxed at the high federal marginal tax rate and provincial tax taken as a percentage of the federal tax. Under the provincial *tax on taxable income system* income earned in an inter vivos trust will be subject to the high provincial marginal tax rate of **16.67%**. This will result in lower provincial taxes under the *tax on taxable income system.*

Non-refundable credit block

Under the *tax on basic federal tax system* the non-refundable credit block reduces basic federal tax; therefore, provincial tax. Under a *tax on taxable income system* the proposed provincial non-refundable credit block gross amounts will correspond to the February 28th, 2000 federal budget gross amounts. Therefore, the credits will be increased.

The actual credit amount will calculate at **9.77%**. The only exception to the **9.77%** rate is in respect to donations in excess of $200.00, which will be calculated at **16.67%.** This mirrors the federal tax credit system for charitable donations.

To achieve revenue neutrality the credits would have to be converted at **9.775%** and **16.675%** for donations in excess of $200.00.

Exhibit 8 compares the provincial tax payable on various levels of income under the given assumptions for 1999, to the *proposed tax on taxable income system.* Due to the adaptation of the proposed increased values in the non-refundable credit block in the February 28th, 2000 Federal Government Budget there is a decrease in provincial taxes payable.

Findings (continued)

Overseas Employment Tax Credit

Employees of Canadian companies or a foreign affiliate of Canadian companies, who have performed most or all of your work outside Canada may be eligible for the overseas employment tax credit. The credit eliminates 80% of eligible income up to a maximum of $100,000. With the *tax on basic federal tax system* the overseas employment tax credit reduces basic federal tax, which flows through to reduce Nova Scotia personal income tax. Under a *tax on taxable income system* a provincial overseas employment tax credit must be calculated. The provincial equivalent is the Federal Overseas Employment Tax Credit (FOETC) divided by the Basic Federal Tax before the FOETC multiplied by the Basic Provincial Tax. The provincial Overseas Employment Tax Credit is illustrated in **Exhibit 5**. This will result in a lower amount of provincial taxes under the *tax on taxable income system.*

Lump Sum Receipts

Under the *tax on basic federal tax system* lump sum pension payments are eligible to be taxed in the year to which the payment relates. This reduces the tax burden on the taxpayer by allowing the income to be taxed at a lower marginal tax rate through the inclusion of lump sum over a number of years. As a result, provincial tax is also lowered.

Under the *tax on taxable income system* the provincial tax payable will continue to be based on the federal tax payable for the prior years. The provincial tax rate will be converted to a *tax on basic federal tax* rate which will be applied against the basic federal tax for the affected years. This will result in a lower amount of provincial taxes under the *tax on taxable income system.*

Foreign Tax Credit

Under the *tax on basic federal tax system* there is a provincial foreign tax credit on non-business foreign tax paid up to a maximum of the foreign tax paid less the federal foreign non-business tax credit. There is also a calculation to limit the credit to the lesser of the difference described above and the provincial tax payable on the foreign non-business income. The calculation of the provincial foreign tax credit will result in a lower amount of provincial income tax under the *tax on taxable income system* as illustrated in **Exhibit 6**.

Conclusion

It is our opinion the change in the system from a *tax on basic federal tax system* to a *tax on taxable income system*, would be revenue neutral, when compared to 1999 as a *"base year"*, if the parameters outlined in **Exhibit 1** were adopted, *with the exceptions of the dividend tax credit, and the tax rates for the low and the high brackets being 0.005% lower then what is required to achieve revenue neutrality.* The percentages the province has adopted, as their dividend tax credit and their low and high tax bracket rates will result in lower Nova Scotia personal income taxes being calculated, as illustrated in the attached exhibits. The only exceptions to this will be when AMT is applicable the system will be revenue neutral and when the non-refundable credit block is in excess of the provincial low tax bracket there may be a small increase in provincial income taxes, under the *tax on taxable income system.*

Exhibit # 1
Department of Finance Parameters

	Federal	Income Range	Maximum Value	Federal Budget Maximum Value	Federal Budget Accepted Indexed Values	Provincial Equivalent
Marginal Rates						
Lowest	17%					9.77%
Middle	26%	29,590		29,590		14.95%
High	29%	59,180		59,180		16.67%
High surtax		84,600		84,600		10% > $10,000 PIT
Low income tax reduction						no change
Non-Refundable Credits						
Basic tax credit	17%		7,131		7,231	9.77%
Spousal Amount	17%		6,661		6,754	9.77%
Age	17%	25,921	3,482	26,284	3,531	9.77%
Spousal Age	17%		3,482		3,531	9.77%
Disability	17%		4,233		4,293	9.77%
CPP Contributions	17%	37,600	1,330	Federal rates	1,330	9.77%
EI Premiums	17%	36,000	936	Federal rates	936	9.77%
Pension	17%		1,000		1,000	9.77%
Spousal Pension	17%		1,000		1,000	9.77%
Caregiver	17%	11,500	2,353	11,661	2,386	9.77%
Education amount	17%		200/Month		200/Month	9.77%
Tuition	17%		unlimited		unlimited	9.77%
Education amount Transfer	17%		5,000		5,000	9.77%
Tuition transfer	17%		5,000		5,000	9.77%
infirm Dependant's	17%	4,778	2,353	4,845	2,386	9.77%
Disability Transfer	17%		4,233		4,293	9.77%
Political	500	1,150		1,150		$500
Student Loan Interest	17%		unlimited		unlimited	9.77%
Medical expense	17%	>1,615			>1,637	9.77%
		3% of N.I.			3% of N.I.	
Clawback for Dependants	4X NI > BPA					Will follow federal calculation if use federal BPA
Charitable Donations						
First $200	17%		200		200	9.77%
Balance	29%		75% of NI		75% of NI	16.67%
Gifts to Crown			75% of NI		75% of NI	
Gifts of Cultural Property		FMV	unlimited		unlimited	
Gifts of Capital Property		ACB or FMV				
Ecological Gifts		FMV	unlimited		unlimited	
Dividend & Dividend transfer	13.33%					7.7% of taxable dividend
						9.625% of actual dividend

Exhibit # 1 (Continued)
Department of Finance Parameters

Adjustments to Taxable Income

	Federal	Income range	Provincial Equivalent
Overseas Employment Tax Credit (OETC)	80% Foreign Employ Inc. / N.I. * Federal tax	100,000	OETC/(BFT+OETC) * NS Basic Tax
Alternative Minimum Tax		45,000 - 50,000	NSPIT + (57.5% * (AMTFed - BFT)
CPP Lump-sum Payments			Federal tax adjustments * Tax on Tax rate
Lump-Sum Pension Payments			Federal tax adjustments * Tax on Tax rate
Trusts			
Inter vivos	29%		16.67%
Testamentary	Graduated		Graduated
Grandafthered Inter vivos	Graduated		Graduated
Income-splitting with Minors	Taxed at high federal rate		Taxed at high provincial rate
Multi-Jurisdictional Filers			Apply N.S. marginal tax rate structure to total taxable income , N.S.'s NRCB to gross N.S. tax and then determine share of tax
Nova Scotia Provincial Credits			
LSVCC			no change
Equity Tax credit			no change
NS Home Ownership			no change

Exhibit # 2
Nova Scotia Personal Income Tax
Ordinary Income (E.g. employment & interest income)

TAXABLE INCOME	Rates	5,000	10,000	20,000	29,590	40,000	50,000	59,180	75,000	100,000	250,000	500,000
Tax on Basic Federal Tax												
<29,590	17.00%	850	1,700	3,400	5,030	5,030	5,030	5,030	5,030	5,030	5,030	5,030
29,590 to 59,180	26.00%	-	-	-	-	2,707	5,307	7,694	7,694	7,694	7,694	7,694
>59,180	29.00%	-	-	-	-	-	-	-	4,588	11,838	55,338	127,838
		850	1,700	3,400	5,030	7,737	10,337	12,724	17,312	24,562	68,062	140,562
Basic tax credit (Note 2)	17.00%	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)
Basic federal tax		0	471	2,171	3,801	6,508	9,108	11,495	16,083	23,333	66,833	139,333
(@ 57.5%)	57.50%	-	271	1,249	2,186	3,742	5,237	6,610	9,248	13,416	38,429	80,116
Low Income tax reduction		(300)	(300)	(50)	-	-	-	-	-	-	-	-
Surtax	10.00%	-	-	-	-	-	-	-	-	342	2,843	7,012
Nova Scotia Personal Income Tax		-	-	**1,199**	**2,186**	**3,742**	**5,237**	**6,610**	**9,248**	**13,758**	**41,272**	**87,128**
Tax on Taxable Income												
<29,590	9.77%	489	977	1,954	2,891	2,891	2,891	2,891	2,891	2,891	2,891	2,891
29,590 to 59,180	14.95%	-	-	-	-	1,556	3,051	4,424	4,424	4,424	4,424	4,424
>59,180	16.67%	-	-	-	-	-	-	-	2,637	6,805	31,810	73,485
		489	977	1,954	2,891	4,447	5,942	7,315	9,952	14,120	39,125	80,800
Basic tax credit (Note 2)	9.77%	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)
Basic Nova Scotia tax		-	271	1,248	2,185	3,741	5,236	6,609	9,246	13,414	38,419	80,094
Low income tax deduction		(300)	(300)	(50)	-	-	-	-	-	-	-	-
Surtax	10.00%	-	-	-	-	-	-	-	-	341	2,842	7,009
Nova Scotia Personal Income Tax		-	-	**1,198**	**2,185**	**3,741**	**5,236**	**6,609**	**9,246**	**13,755**	**41,261**	**87,103**
Difference	Note 1	**0**	**0**	**1**	**1**	**1**	**1**	**1**	**2**	**3**	**11**	**25**

Note 1: Savings due to lower provincial tax rates under "tax on taxable income" system.
Note 2: Only the basic non-refundable tax credit has been calculated for purposes of illustration.
Note 3: All numbers in exhibit have been rounded for purposes of illustration.

Exhibit # 3
Nova Scotia Personal Income Tax
Dividend Income

	Rates										
Actual Dividends		5,000	10,000	20,000	29,590	40,000	50,000	59,180	75,000	100,000	250,000	500,000
TAXABLE INCOME		6,250	12,500	25,000	36,988	50,000	62,500	73,975	93,750	125,000	312,500	625,000
Tax on Basic Federal Tax												
<29,590	17.00%	1,063	2,125	4,250	5,030	5,030	5,030	5,030	5,030	5,030	5,030	5,030
29,590 to 59,180	26.00%	-	-	-	1,923	5,307	7,694	7,694	7,694	7,694	7,694	7,694
>59,180	29.00%	-	-	-	-	-	963	4,291	10,025	19,088	73,463	164,088
		1,063	2,125	4,250	6,953	10,337	13,687	17,015	22,749	31,812	86,187	176,812
Dividend tax credit	13.33%	(833)	(1,667)	(3,333)	(4,932)	(6,667)	(8,333)	(9,863)	(12,500)	(16,667)	(41,667)	(83,333)
Basic tax credit (Note 2)	17.00%	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)
Basic federal tax		-	-	-	792	2,441	4,125	5,923	9,020	13,916	43,291	92,250
(@ 57.5%)	57.50%	-	-	-	456	1,404	2,372	3,406	5,187	8,002	24,892	53,044
Low income tax deduction		(300)	(300)	-	-	-	-	-	-	-	-	-
Surtax	10.00%	-	-	-	-	-	-	-	-	-	1,489	4,304
Nova Scotia Personal Income Tax		-	-	-	**456**	**1,404**	**2,372**	**3,406**	**5,187**	**8,002**	**26,381**	**57,348**
Tax on Taxable Income												
<29,590	9.77%	611	1,221	2,443	2,891	2,891	2,891	2,891	2,891	2,891	2,891	2,891
29,590 to 59,180	14.95%	-	-	-	1,106	3,051	4,424	4,424	4,424	4,424	4,424	4,424
>59,180	16.67%	-	-	-	-	-	553	2,466	5,763	10,972	42,228	94,322
		611	1,221	2,443	3,997	5,942	7,868	9,781	13,078	18,287	49,543	101,637
Dividend tax credit	7.70%	(481)	(963)	(1,925)	(2,848)	(3,850)	(4,813)	(5,696)	(7,219)	(9,625)	(24,063)	(48,125)
Basic tax credit (Note 2)	9.77%	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)
Basic Nova Scotia tax		-	-	-	443	1,386	2,349	3,379	5,153	7,956	24,774	52,806
Low income tax deduction		(300)	(300)	-	-	-	-	-	-	-	-	-
Surtax	10.00%	-	-	-	-	-	-	-	-	-	1,477	4,281
Nova Scotia Personal Income Tax		-	-	-	**443**	**1,386**	**2,349**	**3,379**	**5,153**	**7,956**	**26,251**	**57,087**
Difference	Note 1	**0**	**0**	**0**	**13**	**18**	**23**	**27**	**34**	**46**	**130**	**261**

Note 1: Savings due to higher provincial dividend tax credit and lower provincial tax rates under "tax on taxable income" system.
Note 2: Only the basic non-refundable tax credit has been calculated for purposes of illustration.
Note 3: All numbers in exhibit have been rounded for purposes of illustration.

M121

IMPORTANT NOTE CONCERNING THE FOLLOWING PAGES

THE PAGES WHICH FOLLOW HAVE BEEN FILMED TWICE IN ORDER TO OBTAIN THE BEST REPRODUCTIVE QUALITY

USERS SHOULD CONSULT ALL THE PAGES REPRODUCED ON THE FICHE IN ORDER TO OBTAIN A COMPLETE READING OF THE TEXT.

REMARQUE IMPORTANTE CONCERNANT LES PAGES QUI SUIVENT

LES PAGES SUIVANTES ONT ÉTÉ REPRODUITES EN DOUBLE AFIN D'AMÉLIORER LA QUALITÉ DE REPRODUCTION

LES UTILISATEURS DOIVENT CONSULTER TOUTES LES PAGES REPRODUITES SUR LA FICHE AFIN D'OBTENIR LA LECTURE DU TEXTE INTÉGRAL

micromedia
a division of IHS Canada

20 Victoria Street
Toronto, Ontario M5C 2N8
Tel.: (416) 362-5211
Toll Free: 1-800-387-2689
Fax: (416) 362-6161
Email: info@micromedia.on.ca

Exhibit # 4
Nova Scotia Personal Income Tax
Alternative Minimum Tax

	Rates										
TAXABLE INCOME		5,000	10,000	20,000	29,590	40,000	50,000	59,180	75,000	100,000	250,000	500,000
AMT adjustment		125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Revised taxable income		130,000	135,000	145,000	154,590	165,000	175,000	184,180	200,000	225,000	375,000	625,000
Tax on Basic Federal Tax												
Minimum tax	17.00%	14,071	14,921	16,621	18,251	20,021	21,721	23,281	25,971	30,221	55,721	98,221
<29,590	17.00%	850	1,700	3,400	5,030	5,030	5,030	5,030	5,030	5,030	5,030	5,030
29,590 to 59,180	26.00%	-	-	-	-	2,707	5,307	7,694	7,694	7,694	7,694	7,694
>59,180	29.00%	-	-	-	-	-	-	-	4,588	11,838	55,338	127,838
		850	1,700	3,400	5,030	7,737	10,337	12,724	17,312	24,562	68,062	140,562
		850	1,700	3,400	5,030	7,737	10,337	12,724	17,312	24,562	68,062	140,562
Basic tax credit (Note 2)	17.00%	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)
Basic federal tax		14,071	14,921	16,621	18,251	20,021	21,721	23,281	25,971	30,221	66,833	139,333
(@ 57.5%)	57.50%	8,091	8,579	9,557	10,494	11,512	12,489	13,387	14,933	17,377	38,429	80,116
Low income tax deduction		-	-	-	-	-	-	-	-	-	-	-
Surtax	10.00%	-	-	-	49	151	249	339	493	738	2,843	7,012
Nova Scotia Personal Income Tax		**8,091**	**8,579**	**9,557**	**10,543**	**11,663**	**12,738**	**13,726**	**15,426**	**18,115**	**41,272**	**87,128**
Tax on Taxable Income												
<29,590	9.77%	489	977	1,954	2,891	2,891	2,891	2,891	2,891	2,891	2,891	2,891
29,590 to 59,180	14.95%	-	-	-	-	1,556	3,051	4,424	4,424	4,424	4,424	4,424
>59,180	16.67%	-	-	-	-	-	-	-	2,637	6,805	31,810	73,485
		489	977	1,954	2,891	4,447	5,942	7,315	9,952	14,120	39,125	80,800
		(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)
Basic tax credit (Note 2)	9.77%	-	271	1,248	2,185	3,741	5,236	6,609	9,246	13,414	38,419	80,094
N.S. AMT (% of FED AMT)	57.50%	8,091	8,579	9,557	10,494	11,512	12,489	13,387	14,933	17,377	32,039	56,477
Basic Nova Scotia tax		8,091	8,579	9,557	10,494	11,512	12,489	13,387	14,933	17,377	38,419	80,094
Low income tax deduction		-	-	-	-	-	-	-	-	-	-	-
Surtax	10.00%	-	-	-	49	151	249	339	493	738	2,842	7,009
Nova Scotia Personal Income Tax		**8,091**	**8,579**	**9,557**	**10,543**	**11,663**	**12,738**	**13,726**	**15,426**	**18,115**	**41,261**	**87,103**
Difference	Note 1	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**11**	**25**
											Note 4	

Note 1: Savings due to lower provincial tax rates under "tax on taxable income" system.
Note 2: Only the basic non-refundable tax credit has been calculated for purposes of illustration.
Note 3: All numbers in exhibit have been rounded for purposes of illustration.
Note 4: Alternative Minimum Tax does not apply at these income levels using the assumptions illustrated.

Exhibit # 4
Nova Scotia Personal Income Tax
Alternative Minimum Tax

	Rates										
TAXABLE INCOME		5,000	10,000	20,000	29,590	40,000	50,000	59,180	75,000	100,000	250,000	500,000
AMT adjustment		125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Revised taxable income		130,000	135,000	145,000	154,590	165,000	175,000	184,180	200,000	225,000	375,000	625,000
Tax on Basic Federal Tax												
Minimum tax	17.00%	14,071	14,921	16,621	18,251	20,021	21,721	23,281	25,971	30,221	55,721	98,221
<29,590	17.00%	850	1,700	3,400	5,030	5,030	5,030	5,030	5,030	5,030	5,030	5,030
29,590 to 59,180	26.00%	-	-	-	-	2,707	5,307	7,694	7,694	7,694	7,694	7,694
>59,180	29.00%	-	-	-	-	-	-	-	4,588	11,838	55,338	127,838
		850	1,700	3,400	5,030	7,737	10,337	12,724	17,312	24,562	68,062	140,562
		850	1,700	3,400	5,030	7,737	10,337	12,724	17,312	24,562	68,062	140,562
Basic tax credit (Note 2)	17.00%	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)
Basic federal tax		14,071	14,921	16,621	18,251	20,021	21,721	23,281	25,971	30,221	66,833	139,333
(@ 57.5%)	57.50%	8,091	8,579	9,557	10,494	11,512	12,489	13,387	14,933	17,377	38,429	80,116
Low income tax deduction		-	-	-	-	-	-	-	-	-	-	-
Surtax	10.00%	-	-	-	49	151	249	339	493	738	2,843	7,012
Nova Scotia Personal Income Tax		**8,091**	**8,579**	**9,557**	**10,543**	**11,663**	**12,738**	**13,726**	**15,426**	**18,115**	**41,272**	**87,128**
Tax on Taxable Income												
<29,590	9.77%	489	977	1,954	2,891	2,891	2,891	2,891	2,891	2,891	2,891	2,891
29,590 to 59,180	14.95%	-	-	-	-	1,556	3,051	4,424	4,424	4,424	4,424	4,424
>59,180	16.67%	-	-	-	-	-	-	-	2,637	6,805	31,810	73,485
		489	977	1,954	2,891	4,447	5,942	7,315	9,952	14,120	39,125	80,800
Basic tax credit (Note 2)	9.77%	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)
		-	271	1,248	2,185	3,741	5,236	6,609	9,246	13,414	38,419	80,094
N.S. AMT (% of FED AMT)	57.50%	8,091	8,579	9,557	10,494	11,512	12,489	13,387	14,933	17,377	32,039	56,477
Basic Nova Scotia tax		8,091	8,579	9,557	10,494	11,512	12,489	13,387	14,933	17,377	38,419	80,094
Low income tax deduction		-	-	-	-	-	-	-	-	-	-	-
Surtax	10.00%	-	-	-	49	151	249	339	493	738	2,842	7,009
Nova Scotia Personal Income Tax		**8,091**	**8,579**	**9,557**	**10,543**	**11,663**	**12,738**	**13,726**	**15,426**	**18,115**	**41,261**	**87,103**
Difference	Note 1	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**11**	**25**
											Note 4	

Note 1: Savings due to lower provincial tax rates under "tax on taxable income" system.
Note 2: Only the basic non-refundable tax credit has been calculated for purposes of illustration.
Note 3: All numbers in exhibit have been rounded for purposes of illustration.
Note 4: Alternative Minimum Tax does not apply at these income levels using the assumptions illustrated.

Exhibit # 5
Nova Scotia Personal Income Tax
Multi-Jurisdictional Filers

	Rates										
Other income		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Business income		5,000	15,000	24,590	35,000	45,000	50,000	54,180	70,000	95,000	245,000	495,000
TAXABLE INCOME		10,000	20,000	29,590	40,000	50,000	55,000	59,180	75,000	100,000	250,000	500,000
% Business income allocated to N.S.		50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
% Total income allocated to N.S.		75.00%	62.50%	58.45%	56.25%	55.00%	54.55%	54.22%	53.33%	52.50%	51.00%	50.50%
Tax on Basic Federal Tax												
<29,590	**17.00%**	1,700	3,400	5,030	5,030	5,030	5,030	5,030	5,030	5,030	5,030	5,030
29,590 to 59,180	**26.00%**	-	-	-	2,707	5,307	6,607	7,694	7,694	7,694	7,694	7,694
>59,180	**29.00%**	-	-	-	-	-	-	-	4,588	11,838	55,338	127,838
		1,700	3,400	5,030	7,737	10,337	11,637	12,724	17,312	24,562	68,062	140,562
Basic tax credit (Note 2)	**17.00%**	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)
Basic federal tax		471	2,171	3,801	6,508	9,108	10,408	11,495	16,083	23,333	66,833	139,333
(@ 57.5%)	**57.50%**	203	781	1,278	2,105	2,881	3,265	3,584	4,932	7,044	19,599	40,459
Low income tax deduction		(300)	(50)	-	-	-	-	-	-	-	-	-
Surtax	**10.00%**	-	-	-	-	-	-	-	-	-	960	3,046
Nova Scotia Personal Income Tax		-	**731**	**1,278**	**2,105**	**2,881**	**3,265**	**3,584**	**4,932**	**7,044**	**20,559**	**43,505**
Tax on Taxable Income												
<29,590	**9.77%**	977	1,954	2,891	2,891	2,891	2,891	2,891	2,891	2,891	2,891	2,891
29,590 to 59,180	**14.95%**	-	-	-	1,556	3,051	3,799	4,424	4,424	4,424	4,424	4,424
>59,180	**16.67%**	-	-	-	-	-	-	-	2,637	6,805	31,810	73,485
		977	1,954	2,891	4,447	5,942	6,690	7,315	9,952	14,120	39,125	80,800
Basic tax credit (Note 2)	**9.77%**	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)
Basic Nova Scotia tax		271	1,248	2,185	3,741	5,236	5,984	6,609	9,246	13,414	38,419	80,094
Gross provincial tax		271	1,248	2,185	3,741	5,236	5,984	6,609	9,246	13,414	38,419	80,094
Provincial share		203	780	1,277	2,104	2,880	3,264	3,583	4,931	7,042	19,594	40,447
Low income tax deduction		(300)	(50)	-	-	-	-	-	-	-	-	-
Surtax	**10.00%**	-	-	-	-	-	-	-	-	-	959	3,045
Nova Scotia Personal Income Tax		-	**730**	**1,277**	**2,104**	**2,880**	**3,264**	**3,583**	**4,931**	**7,042**	**20,553**	**43,492**
Difference	**Note 1**	**0**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**2**	**6**	**13**

Note 1: Savings due to lower provincial tax rates under "tax on taxable income" system.
Note 2: Only the basic non-refundable tax credit has been calculated for purposes of illustration.
Note 3: All numbers in exhibit have been rounded for purposes of illustration.

Exhibit # 6
Nova Scotia Personal Income Tax
Overseas Employment Tax Credit

TAXABLE INCOME	Rates Note 1	5,000	10,000	20,000	29,590	40,000	50,000	59,180	75,000	100,000	250,000	500,000
Tax on Basic Federal Tax												
<29,590	17.00%	850	1,700	3,400	5,030	5,030	5,030	5,030	5,030	5,030	5,030	5,030
29,590 to 59,180	26.00%	-	-	-	-	2,707	5,307	7,694	7,694	7,694	7,694	7,694
>59,180	29.00%	-	-	-	-	-	-	-	4,588	11,838	55,338	127,838
		850	1,700	3,400	5,030	7,737	10,337	12,724	17,312	24,562	68,062	140,562
Overseas tax credit	Note 2	-	(377)	(1,737)	(3,041)	(5,205)	(7,286)	(9,196)	(12,865)	(18,666)	(21,386)	(22,293)
Basic tax credit (Note 5)	17.00%	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)
		-	94	434	760	1,303	1,822	2,299	3,218	4,667	45,447	117,040
(@ 57.5%)	57.50%	-	54	250	437	749	1,048	1,322	1,850	2,683	26,132	67,298
Low income tax deduction		(300)	(300)	(50)	-	-	-	-	-	-	-	-
Surtax	10.00%	-	-	-	-	-	-	-	-	-	1,613	5,730
Nova Scotia Personal Income Tax		-	-	200	437	749	1,048	1,322	1,850	2,683	27,745	73,028
Tax on Taxable Income												
<29,590	9.77%	489	977	1,954	2,891	2,891	2,891	2,891	2,891	2,891	2,891	2,891
29,590 to 59,180	14.95%	-	-	-	-	1,556	3,051	4,424	4,424	4,424	4,424	4,424
>59,180	16.67%	-	-	-	-	-	-	-	2,637	6,804	31,810	73,485
		489	977	1,954	2,891	4,447	5,942	7,315	9,952	14,119	39,125	80,800
Basic tax credit (Note 5)	9.77%	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)
		-	271	1,248	2,185	3,741	5,236	6,609	9,246	13,413	38,419	80,094
Overseas tax credit	Note 2	-	(216)	(998)	(1,748)	(2,992)	(4,189)	(5,288)	(7,398)	(10,732)	(12,294)	(12,815)
Low income tax deduction		(300)	(300)	(50)	-	-	-	-	-	-	-	-
Surtax	10.00%	-	-	-	-	-	-	-	-	-	1,613	5,728
Nova Scotia Personal Income Tax		-	-	200	437	749	1,047	1,321	1,848	2,681	27,738	73,007
Difference	Note 4	0	0	0	0	0	1	1	2	2	7	21

Note 3

Note 1: Taxable income = foreign employment income

Note 2: See federal and Nova Scotia calculation in Exhibit # 1

Note 3: Alternative minimum tax would apply at these income levels, AMT ignored for purposes of illustration.

Note 4: Savings due to lower provincial tax rates under "tax on taxable income" system.

Note 5: Only the basic non-refundable tax credit has been calculated for purposes of illustration.

Note 6: All numbers in exhibit have been rounded for purposes of illustration.

Exhibit # 6
Nova Scotia Personal Income Tax
Overseas Employment Tax Credit

TAXABLE INCOME	Rates Note 1	5,000	10,000	20,000	29,590	40,000	50,000	59,180	75,000	100,000	250,000	500,000
Tax on Basic Federal Tax												
<29,590	17.00%	850	1,700	3,400	5,030	5,030	5,030	5,030	5,030	5,030	5,030	5,030
29,590 to 59,180	26.00%	-	-	-	-	2,707	5,307	7,694	7,694	7,694	7,694	7,694
>59,180	29.00%	-	-	-	-	-	-	-	4,588	11,838	55,338	127,838
		850	1,700	3,400	5,030	7,737	10,337	12,724	17,312	24,562	68,062	140,562
Overseas tax credit	Note 2	-	(377)	(1,737)	(3,041)	(5,205)	(7,286)	(9,196)	(12,865)	(18,666)	(21,386)	(22,293)
Basic tax credit (Note 5)	17.00%	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)
		-	94	434	760	1,303	1,822	2,299	3,218	4,667	45,447	117,040
(@ 57.5%)	57.50%	-	54	250	437	749	1,048	1,322	1,850	2,683	26,132	67,298
Low income tax deduction		(300)	(300)	(50)	-	-	-	-	-	-	-	-
Surtax	10.00%	-	-	-	-	-	-	-	-	-	1,613	5,730
Nova Scotia Personal Income Tax		-	-	200	437	749	1,048	1,322	1,850	2,683	27,745	73,028
Tax on Taxable Income												
<29,590	9.77%	489	977	1,954	2,891	2,891	2,891	2,891	2,891	2,891	2,891	2,891
29,590 to 59,180	14.95%	-	-	-	-	1,556	3,051	4,424	4,424	4,424	4,424	4,424
>59,180	16.67%	-	-	-	-	-	-	-	2,637	6,804	31,810	73,485
		489	977	1,954	2,891	4,447	5,942	7,315	9,952	14,119	39,125	80,800
Basic tax credit (Note 5)	9.77%	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)
		-	271	1,248	2,185	3,741	5,236	6,609	9,246	13,413	38,419	80,094
Overseas tax credit	Note 2	-	(216)	(998)	(1,748)	(2,992)	(4,189)	(5,288)	(7,398)	(10,732)	(12,294)	(12,815)
Low income tax deduction		(300)	(300)	(50)	-	-	-	-	-	-	-	-
Surtax	10.00%	-	-	-	-	-	-	-	-	-	1,613	5,728
Nova Scotia Personal Income Tax		-	-	200	437	749	1,047	1,321	1,848	2,681	27,738	73,007
Difference	Note 4	0	0	0	0	0	1	1	2	2	7	21
									Note 3			

Note 1: Taxable income = foreign employment income
Note 2: See federal and Nova Scotia calculation in Exhibit # 1
Note 3: Alternative minimum tax would apply at these income levels, AMT ignored for purposes of illustration.
Note 4: Savings due to lower provincial tax rates under "tax on taxable income" system.
Note 5: Only the basic non-refundable tax credit has been calculated for purposes of illustration.
Note 6: All numbers in exhibit have been rounded for purposes of illustration.

Exhibit # 7
Nova Scotia Personal Income Tax
Foreign Tax Credit

	Rates											
TAXABLE INCOME		5,000	10,000	20,000	29,590	40,000	50,000	59,180	75,000	100,000	250,000	500,000
Foreign non-business income		1,000	2,000	4,000	5,918	8,000	10,000	11,836	15,000	20,000	50,000	100,000
Foreign non-business tax		100	200	400	592	800	1,000	1,184	1,500	2,000	5,000	10,000
Tax on Basic Federal Tax												
<29,590	**17.00%**	850	1,700	3,400	5,030	5,030	5,030	5,030	5,030	5,030	5,030	5,030
29,590 to 59,180	**26.00%**	-	-	-	-	2,707	5,307	7,694	7,694	7,694	7,694	7,694
>59,180	**29.00%**	-	-	-	-	-	-	-	4,588	11,838	55,338	127,838
		850	1,700	3,400	5,030	7,737	10,337	12,724	17,312	24,562	68,062	140,562
Foreign tax credit		-	(94)	(400)	(592)	(800)	(1,000)	(1,184)	(1,500)	(2,000)	(5,000)	(10,000)
Basic tax credit (Note 2)	**17.00%**	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)	(1,229)
Basic federal tax		-	377	1,771	3,209	5,708	8,108	10,311	14,583	21,333	61,833	129,333
(@ 57.5%)	**57.50%**	-	271	1,249	2,186	3,742	5,237	6,610	9,248	13,416	38,429	80,116
Foreign tax credit		-	(54)	-	-	-	-	-	-	-	-	-
Low income tax deduction		(300)	(300)	(50)	-	-	-	-	-	-	-	-
Surtax	**10.00%**	-	-	-	-	-	-	-	-	342	2,843	7,012
Nova Scotia Personal Income Tax		-	-	**1,199**	**2,186**	**3,742**	**5,237**	**6,610**	**9,248**	**13,758**	**41,272**	**87,128**
Tax on Taxable Income												
<29,590	**9.77%**	489	977	1,954	2,891	2,891	2,891	2,891	2,891	2,891	2,891	2,891
29,590 to 59,180	**14.95%**	-	-	-	-	1,556	3,051	4,424	4,424	4,424	4,424	4,424
>59,180	**16.67%**	-	-	-	-	-	-	-	2,637	6,805	31,810	73,485
		489	977	1,954	2,891	4,447	5,942	7,315	9,952	14,120	39,125	80,800
Basic tax credit (Note 2)	**9.77%**	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)	(706)
Basic Nova Scotia tax		-	271	1,248	2,185	3,741	5,236	6,609	9,246	13,414	38,419	80,094
Foreign tax credit		-	(54)	-	-	-	-	-	-	-	-	-
Low income tax deduction		(300)	(300)	(50)	-	-	-	-	-	-	-	-
Surtax	**10.00%**	-	-	-	-	-	-	-	-	341	2,842	7,009
Nova Scotia Personal Income Tax		-	-	**1,198**	**2,185**	**3,741**	**5,236**	**6,609**	**9,246**	**13,755**	**41,261**	**87,103**
Difference	**Note 1**	**0**	**0**	**1**	**1**	**1**	**1**	**1**	**2**	**3**	**11**	**25**

Note 1: Savings due to lower provincial tax rates under "tax on taxable income" system.
Note 2: Only the basic non-refundable tax credit has been calculated for purposes of illustration.
Note 3: All numbers in exhibit have been rounded for purposes of illustration.

Exhibit # 8
Nova Scotia Personal Income Tax
Comparison to 1999
Tax Payable at Various Income Levels

Taxable Income		**10,000**	**20,000**	**29,590**	**30,004**	**40,000**	**50,000**	**59,180**	**60,009**	**75,000**	**100,000**	**250,000**	**500,000**
Tax on Basic Federal Tax													
1999	Note A	13	1,242	2,229	2,290	3,785	5,280	6,653	6,791	9,291	13,805	41,319	87,175
	Note B	9.775%	9.775%	14.950%	14.950%	14.950%	14.950%	16.675%	16.675%	18.059%	18.343%	18.343%	18.343%
Tax on Taxable Income													
	Note A	-	1,198	2,185	2,246	3,741	5,236	6,609	6,747	9,246	13,755	41,261	87,103
	Note B	9.770%	9.770%	14.950%	14.950%	14.950%	14.950%	16.670%	16.670%	18.035%	18.337%	18.337%	18.337%
	Difference	**-13**	**-44**	**-44**	**-44**	**-44**	**-44**	**-44**	**-44**	**-45**	**-50**	**-58**	**-72**

Decrease is a result of increase in non-refundable tax credits and lowering of the provincial tax rates under the "tax on taxable income" system.

Note A: This table shows the amount of provincial tax payable for a given taxable income by a person whose only tax credit is the basic non-refundable personal credit and has no taxable Canadian dividends. Taxable income is assumed to be equal to net income.

Note B: The marginal rate of tax is the average rate applicable to the next interval indicated on the table. All numbers in the exhibit have been rounded for illustration purposes.